



INSPECTOR GENERAL REPORT

2005-04-0253

April 27, 2006

CONSTRUCTION TRAINING

Inspector General David O. Thomas reports as follows:

I.

This investigation involves the waste by two state agencies in 2004 contracting with the same contractor to provide duplicate services. Both agencies brought this situation to the attention of the Indiana Inspector General's Office (OIG) and requested an investigation.

II.

On October 28, 2004, INDOT¹ contracted with "Indiana Plan for Equal Employment, Inc." ("Indiana Plan") to provide services to persons 18-25 years of age in an "urban public works or transportations setting."

INDOT did this to pursue its Urban Youth Core Contract. The purpose of this project is to provide recruitment and training in the construction industry for urban youth.

¹ Indiana Department of Transportation.

The INDOT contract provided to Indiana Plan \$390,000 to train 20 qualifying students for this purpose. This amounts to over \$19,000 per student. The time frame for this training was to occur between September of 2004 and August of 2005.

The results as of April 2005 were that twelve (12) students had been enrolled. Marketing costs exceeded \$45,000 by that same date.

After consulting with the Indiana Inspector General's Office, INDOT terminated the remainder of the contract on April 28, 2005 for the reasons below.

The second state agency providing these same services was the Indiana Department of Workforce Development ("DWD").

In August of 2005, DWD provided to Ivy Tech State College a \$450,000 grant. In addition to the similar services that were to be provided to Indiana citizens, the subgrantee awarded this contract was also Indiana Plan. The grant required 150 students to be serviced, which amounts to \$3,000 per student.

III.

The two agencies reported that at least five individuals went through the training in both agencies, a clear violation of the intent of the programs as advanced by both state agencies. There is a disparity between DWD training at \$3,000 per student and the \$19,000 per student provided in the INDOT contract.

IV.

Based upon the above information, the OIG makes the following findings:

- 1.

Waste has occurred by two different state agencies contracting with the same vendor to provide similar training to qualifying Indiana citizens.

2.

There is a low cost-benefit ratio for service provided at least under the INDOT contract. The \$19,000 allotted for each student exceeds the typical annual tuition cost of our state universities.

3.

There has been double service by the same provider. Although there was not simultaneous payment by the two state agencies, Indiana paid twice for the same students to complete the same training at different times.

4.

Both the INDOT and DWD programs appear meritorious.

V.

Accordingly, the OIG makes the following recommendations:

1.

That a screening mechanism for duplicate servicing be developed by INDOT, DWD and other state agencies to prevent similar abuses prior to the awarding of future contracts and grants. It should be noted that both INDOT and DWD detected these duplicative services from 2004 and reported the same to the OIG.

2.

That INDOT evaluate and lower the per student cost of \$19,000 in the 2004 contract closer to the DWD range of \$3,000 per student.

3.

That both state agencies require the service provider to periodically report with documented results the (A) number of students served, (B) the students' program attendance, and (C) resulting hiring success rate of these students.

4.

That serious evaluation be given to awarding in the future the expenditure of \$45,000 in marketing costs to implement the programs.

Dated this 27th day of April, 2006.



David O. Thomas, Inspector General